GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2244
ANSWERED ON:14.03.2008
DIVIDEND TAX EXEMPTION
Manoj Dr. K.S.

Will the Minister of FINANCE be pleased to state:

(a) whether a huge amount is given as exemption from long term capital gains tax (Dividend Tax Exemption) and tax holidays for big business;

(b) if so, the details thereof for each of the last three years;

(c) whether the Government has examined the long term benefits accrued due to such exemption; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) Long term capital gains in respect of listed securities are exempt from income-tax. However, the revenue foregone on account of this exemption has not been quantified.The Income-tax Act provides a number of tax incentives to industry, which also benefit big business. The revenue foregone in the last three years, on account of such incentives, is as follows:-

Financial Year	Revenue Foregone on account of Tax Incentives to Companies (in Rs. Crore)
2004-05	57,852
2005-06	34,618
2006-07	45,034

(c) &(d) The deductions and exemptions extended to big business are reviewed regularly and those which have outlived their utility are withdrawn.